Entrepreneurship Projects

#5 The Market Analysis

**Objective**: To produce the Market Analysis section of your Business Plan.

**Background Info:**

What is a Market Analysis?

* A market analysis is the actual assessment of the target population, competition, and the needs for marketing a product or service.

Why include a Market Analysis in a Business Plan?

* First step in determining if there is a need or audience for your business.
* Knowing the market’s needs and how it is currently serviced can provide you with key info that is essential in developing your business and the products and services you offer.

Four Components of a Market Analysis:

1. Analysis of Target Market:

* In developing the analysis of the target market, you should answer the following:
  + Who is my target market and why?
  + What are the personal and geographical demographics of my customers?
    - Personal – age, gender, sex, income…
    - Geographical – city or town location, population, climate…
  + Are my customers: business customers or private customers?
  + Is the market saturated or wide open? (How many similar businesses around?)
  + Are customers willing pay for my products and/or service?

1. Analysis of the Competition:

* In developing the analysis of competition, you should answer the following:
  + Who is my competition?
  + Are my competitors successful?
  + How do my competitors reach their market? (How do they advertise?)

1. The Outlook of the Industry:

* In developing the outlook of the industry, you should answer the following:
  + What does the future outlook of my business look like?
  + Is it a growing industry? Or is this industry likely to be phased out over time?
* **Good Resource: Occupational Outlook Handbook** [www.bls.gov/oco](http://www.bls.gov/oco)
  + Click on “A-Z Index” and then search on a job title that is close to yours.
  + Look under the category of “Job Outlook” – Detailed analysis.

1. The Owner’s Personal Strengths:

* In developing the analysis of the owner’s personal strengths, you should answer:
  + What is my competitive advantage?
  + Can I offer something to the market that my competitors are not offering?
  + What specific skills do I possess that will allow my company to be competitive?

***TASK #1: Create a Market Analysis***

Use the following headings and questions to create a Market Analysis:

**I. Analysis of the Target Market**

**Instructions:** Answer the following questions using complete sentences.

* Who is your target market?
* What are the personal and geographical demographics of your customers?
* Is the market saturated with too many businesses similar to yours? Yes or No? Why?
* Are your customers willing to pay for your product(s) and/or service(s)? Why or why not?

*Combine your answers to the above questions into 1-2 well-written paragraphs. Paste your paragraph in the template.*

**II. ANALYSIS OF THE COMPETITION**

**Instructions:** Answer the following questions using complete sentences.

* Who are your competitors? ***Note*:** You can use your local phone book to look up your competition.
* Are your competitors successful? Why or why not?
* How do your competitors reach their market? How does your competition advertise their business?

*Combine your answers to the above questions into 1-2 well-written paragraphs. Paste your paragraph in the template.*

**III. The Outlook of the Industry**

**Instructions:** Answer the following questions using complete sentences.

* What does the future outlook of your business look like? *Use the Occupational Outlook Handbook Web site (*[*http://www.bls.gov/oco*](http://www.bls.gov/oco)*) to research the future outlook of your business.*
* Based on your research, does it look like your business has room to grow in the future?

*Combine your answers to the above questions into 1-2 well-written paragraphs. Paste your paragraph in the template.*

**IV. OWNER’S PERSONAL STRENGTHS**

**Instructions:** Answer the following questions using complete sentences.

* What can I offer to my customers that my competitors are not offering?
* What specific skills do I possess that will allow my company to be competitive in this market?

*Combine your answers to the above questions into 1-2 well-written paragraphs. Paste your paragraph in the template.*

**Saving Your Work:**

Save this as ***Project 5\_MarketAnalysis***  in your “Business Plan” folder and the template as ***Final Market Analysis.***  All future projects will be saved to this same folder – “Business Plan”

**Market Analysis TEMPLATE**

1. **Analysis of the Target Market**

Be sure to use proper business professional grammar including details in full sentences.

1. **Analysis of the Competition**

Be sure to use proper business professional grammar including details in full sentences.

**III. The Outlook of the Industry**

Be sure to use proper business professional grammar including details in full sentences.

**IV. Owner’s Personal Strengths**

Be sure to use proper business professional grammar including details in full sentences.

